

DATE: March 5, 2014

FROM: Rawleigh White, Chief Financial Officer, Central Electric Cooperative, Inc.

TO: Federal Communications Commission (FCC) Staff

SUBJECT: Expression of Interest – Rural Trials
Docket No. 10-90

Central Electric Cooperative, Inc. Background

A member-owned, not-for-profit electric cooperative, Central Electric Cooperative (CEC) has provided electric utility services to its members in central Oregon since 1940. CEC serves 31,685 accounts held by 25,042 members in its 5,300 square-mile service territory in Deschutes, Crook, Jefferson, and parts of Lake, Linn, Wasco, and Grant counties. CEC's electrical system includes 24 substations and 3,808 miles of energized power lines, including 183 miles of transmission line, 2,256 miles of overhead distribution line and 1,369 miles of underground distribution line. The proposed projects will be managed by the utility's wholly owned subsidiary Quantum Communications LLC.

Geographic Territory:

Quantum is proposing to serve 3 unincorporated, unserved and underserved portions of Crook, Deschutes and Grant Counties with various solutions at each location.

Juniper Canyon (Crook County): This is currently a slow DSL area, rural with small residential, southeast of Prineville, Oregon along Juniper Canyon Rd approximately 15 miles. From 44-17-51-48 N. Lat. 120-49-34-15 W. Long. to 44-18-38-23 N. Lat. to 120-41-32-82 W. Long.

Post/Paulina (Crook and Grant County): Approximately 300 customers in an underserved very rural area east of Prineville, Oregon along Hwy 380 (Paulina Hwy) and Paulina Suplee Rd. a total of 75 miles. From 44-17-51-48 N. Lat. 120-49-34-15 W. Long to 44-04-19-23 N. Lat. 119-40-24-83 W. Long.

Alfalfa (Deschutes County): Approximately 600 customers, 30 miles of fiber plant within a 24 square mile area. Approximate geographic center: 44-03-56-34 N. Lat. 121-10-49-53 W. Long.

List of Anchor Institutions:

Most of the anchor institutions in CEC's geographic areas are located within the city limits of Sisters, Madras, Prineville, Redmond and Bend and currently have access to services but with limited coverage. The intent of this proposal is to focus on residential and small businesses that are uneconomical to serve without some form of outside funding.

Juniper Canyon (approximately 15 miles to city limits): Prineville Reservoir State Park

Post/Paulina (approximately 75 miles to city limits): Paulina School, Post Office

Alfalfa (approximately 30 miles to city limits): Mostly Agricultural

Proposed Technology:

Juniper Canyon, Post/Paulina: We are planning a combination of technologies offering FTTH, DSL & Wireless LTE or 802.11. We will offer a combination of Voice and Broadband services. Our initial data rate offerings will be 10MB & 20MB Wireless and 100MB FTTH (or Institution) with Gigabit capability for the near future. Each service will be priced according to its level of service: \$40 (10MB), \$70 (20MB) and \$100 (100MB).

Alfalfa: We are planning a FTTH technology offering a combination of Voice and Broadband services. Our initial data rate offerings will be 10MB, 20MB, 50MB and 100MB services. Gigabit service to institutions will follow. Each service will be priced according to its level of service: \$40 (10MB), \$70 (20MB), \$85 (50MB) and \$100 (100MB).

State and/or Local or Tribal Government Participation in and/or Support for Project:

Central Electric Co-op (CEC) is self-funded and does not receive any outside financial support. CEC intends to utilize existing CEC poles and right of ways when possible. Thus reducing costs and accelerating deployment.

Existing Providers:

Juniper Canyon: There is currently one provider offering insufficient data rates (between 1 & 1.5 MB down and .5 MB up) and offer services only to limited areas.

Post/Paulina, Alfalfa: There are currently 2 broadband providers, both offering insufficient data rates (between 1 & 4 MB down and .5 & 2 MB up) and offer services only to limited areas. Neither can provide the school with adequate bandwidth.

Project Timelines:

CEC is working on its engineering and financial study and could expect to provide broadband services to its members in 12 months.

Scalability:

Juniper Canyon: The project would be completed and activated in three phases. Fiber would be run to all existing DSLAMs and wireless tower locations as well as the school. Activation of all DSLAMs followed by tower locations and then any FTTH or institutions.

Post/Paulina: The project would be completed and activated in three phases. Fiber would be run to all existing DSLAMs and wireless tower locations as well as the school. Activation of all DSLAMs followed by tower locations and then any FTTH or institutions.

Alfalfa: The project would be completed and activated in two phases. Fiber would be run following all distribution power routes within the service area and connect all institutions.

Total Utility Investment:

In-kind contributions of approximately \$1.0 million by tying into existing fiber infrastructure.

One-time Capital Infrastructure Investment Needed:

Juniper Canyon: \$600,000 (15 miles fiber to State Park), \$600,000 activation of fiber, DSLAMs & Wireless. Total: \$1,200,000

Post/Paulina: \$2.5 million plus \$600,000 activation of fiber, DSLAMs & Wireless. Total: \$3,100,000

Alfalfa: \$1 million plus \$600,000 drops and activation of fiber, DSLAMs & Wireless. Total: \$1,600,000

Grand Total for All Three Projects is \$5,900,000.

Total Project Cost:

Total project costs: \$6,900,000

Sincerely,

A handwritten signature in blue ink, appearing to read 'Rawleigh White', is written over the printed name.

Rawleigh White, CFO
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